

Information Commissioner's Office

Internal Audit 2015-16: Follow up

Last updated 29 June 2016

Distribution		Timetable	
For action	Senior Corporate Governance Manager	Fieldwork completed	11 April 2016
		Draft report issued	3 May 2016
For information	Audit Committee	Management comments	10 May 2016
		Final report issued	16 May 2016

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It is the responsibility solely of the ICO management to ensure that there are adequate arrangements in place in relation to risk management, governance and control.

1 Executive Summary

1.1 Background

Our review considered the ICO's arrangements for monitoring and implementing recommendations from internal audit reviews.

1.2 Scope

We reviewed the assurances available to the Audit Committee that recommendations are being implemented in a timely manner, following up recommendations made in 2014-15.

We focussed on the following risk:

The ICO's arrangements for following up audit recommendations may not be adequate resulting in recommendations not being completed on time and to a satisfactory standard. Outstanding recommendations could leave the ICO exposed to risks that are deemed to be unacceptable resulting in a lack of comfort for the Audit Committee and senior management that the internal control framework is operating effectively.

Further details on responsibilities, approach and scope are included in Appendix A.

1.3 Overall assessment

We have made an overall assessment of our findings as:

Overall assessment	
Activities and controls were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.	Green

Refer to Appendix B for definitions of internal audit opinion and recommendation ratings.

1.4 Controls identified

During our review we confirmed that the following controls have continued to operate during 2015-16:

The Senior Corporate Governance Manager maintains a log of outstanding audit recommendations, which is presented to the Audit Committee at each meeting for discussion and challenge.

This log is available on the ICON system, to allow recommendation owners to view their outstanding recommendations, and they are reminded individually when updates are needed.

The log shows the due date for implementation of recommendations, as well as a forecast due date if this is expected to be different. An accompanying explanation is provided for any re-forecast due dates.

Implemented recommendations are recorded separately from ongoing recommendations to allow the Audit Committee to focus clearly on those which remain outstanding, but implemented recommendations

do remain on the Register until the end of the financial year to which they relate.

The log also separately records external audit recommendations to differentiate clearly from those raised by internal audit.

A performance update is provided with the outstanding recommendations log to each Audit Committee meeting, giving oversight of the number of overdue recommendations.

We followed up on all six recommendations recorded as being cleared on the March 2016 log reported to the Audit Committee. We confirmed that each had been appropriately addressed as reported.

1.5 Summary of recommendations

We reviewed the recommendations log and established that there were 18 recommendations in total, of which 6 had been completed.

Recommendations which were completed were tested to ensure they had been implemented and evidence in place to support the change required.

The following table summarises the recommendations at the time of review:

Status	Recommendation priority				Total
	High	Medium	Low	Information	
Outstanding	-	5	6	1	12
Cleared	-	2	3	1	6
Totals	-	7	9	2	18

We noted that 2 of the 18 recommendations had revised dates.

1.6 Acknowledgement

We would like to take this opportunity to thank the staff involved in for their co-operation during this internal audit.

Internal audit approach

Approach

Our audit was carried out in accordance with the guidance contained within the Government's Internal Audit Standards and the Auditing Practices Board's 'Guidance for Internal Auditors'. We also had regard to the Institute of Internal Auditors' guidance on risk based internal auditing (2005).

Our internal audit approach is based upon the underlying principles of the UK Corporate Governance Code (2010) together with the associated Turnbull Committee guidelines on internal control (2005) that require management to identify, assess and manage the risks that are significant to the achievement of the organisation's overall business objectives. We will also have regard to the HM Treasury Management of Risk Guidance (2001). Our role as internal auditor is to provide objective and independent assurance to the Audit Committee and management that it is doing so successfully for each of the areas being audited.

As part of our 2015-16 Audit Plan, we agreed with the Audit Committee and management that we should carry out a review of the ICO's arrangements for managing its follow up of audit recommendations to further inform our ongoing understanding of the ICO's key internal control activities.

The findings and conclusions from this review will support our annual opinion to the Audit Committee on the adequacy and effectiveness of internal control arrangements.

Scope

Our review focused on the following risk:

The ICO's arrangements for following up audit recommendations may not be adequate resulting in recommendations not being completed on time and to a satisfactory standard, with the ICO remaining exposed to risks that are deemed to be unacceptable resulting in a lack of comfort for the Audit Committee and senior management that the internal control framework is operating effectively.

Additional information

Client staff

The following staff were consulted as part of this review:

Peter Bloomfield – Senior Corporate Governance Manager
Paul Arnold – Head of Customer and Business Services
Mike Collins – Head of Organisational Development

Documents received

The following documents were received during the course of this audit:
Audit Committee minutes and accompanying reports on outstanding audit recommendations
Evidence to support the sample of recommendations reported to the Audit Committee as implemented
Progress of audit findings provided by Senior Corporate Governance Manager

Definition of internal audit opinion and ratings

Audit issue rating

Within each report, every audit issue is given a rating. The ratings are summarised in the table below.

Rating	Description	Features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in control that requires the immediate attention of management	<ul style="list-style-type: none"> Key control not designed or operating effectively Potential for fraud identified Non compliance with key procedures / standards Non compliance with regulation
Medium	Important findings that are to be resolved by line management.	<ul style="list-style-type: none"> Impact is contained within the department and compensating controls would detect errors Possibility for fraud exists Control failures identified but not in key controls Non compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures.	<ul style="list-style-type: none"> Minor control weakness Minor non compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or best practice advice	<ul style="list-style-type: none"> Information for department management Control operating but not necessarily in accordance with best practice



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